

CHAPTER I

INTRODUCTION

Policymakers have long been concerned that low-income elderly individuals who are eligible for food stamp benefits tend not to participate in the Food Stamp Program (FSP). Historically, fewer than one out of every three eligible elderly individuals participates in the program, and these rates have only fallen in recent years (Cunnyngham 2004). Such low participation rates generate concerns about the ability of low-income senior citizens to maintain a healthy diet.

In response to these concerns, the U.S. Department of Agriculture (USDA) funded the Elderly Nutrition Demonstrations—six projects aimed at testing ways to increase FSP participation among eligible elderly individuals. The demonstrations were designed to reduce the barriers to FSP participation that the elderly face by simplifying the application process, increasing eligible elderly individuals' understanding of the program, assisting elderly individuals with the application process, and/or providing food stamp benefits as commodities rather than as traditional program benefits.

USDA also funded an evaluation of these demonstrations to assess their ability to increase participation among eligible elderly individuals. The evaluation examined the types of seniors who were attracted to the FSP under the demonstrations, what factors seniors liked and disliked about the demonstrations, and which demonstrations were the most cost-effective.

This report presents the findings of that evaluation. The results suggest that a variety of approaches can be effective in increasing program participation among the elderly. It appears that many seniors choose not to participate in the FSP because the burden of applying for food stamps outweighed the benefits they would have received. When the application burden was reduced even a small amount, a significant number of seniors entered the FSP. In particular, seniors eligible for small benefits, as well as older seniors—two groups for whom small levels of burden can pose large barriers in relation to program benefits—were the more likely to participate under the demonstrations. The demonstrations that were most effective tended to have strong outreach efforts as well as staff who could connect well with seniors.

The remainder of this chapter provides a context for understanding demonstration goals and evaluation objectives. Specifically, it describes:

- The issue of nonparticipation among the elderly and presents several possible reasons for this problem
- The three demonstration models and the six grantees
- The evaluation objectives and approach
- The extent to which the evaluation findings can be generalized to all eligible elderly nonparticipants

THE ISSUE OF LOW FSP ELDERLY PARTICIPATION RATES

Reaching those elderly that are eligible for food stamps has been a persistent problem in the FSP. Each month, millions of eligible, poor elderly individuals go without food stamp benefits. For purposes of determining eligibility, the FSP considers individuals who are age 60 or older to be elderly. In fiscal year 2002, 5.4 million households with elderly were estimated to be eligible for food stamps (Cunyngham 2004). Of these, fewer than 1.5 million (27.7 percent) participated in the program, leaving 4.5 million eligible elderly individuals without benefits. Historically, fewer than one-third of eligible elderly individuals have participated in the FSP—a participation rate that is far lower than that of any other major demographic group. In 2002, the participation rate for all nonelderly FSP-eligible individuals (59 percent) was more than twice that of the elderly.¹

Low participation rates for the elderly are especially troublesome because these individuals have unique nutritional needs. Many elderly persons suffer from medical or dental conditions that require special diets. For instance, diabetes and heart disease are common among the elderly, and many elderly individuals are overweight. It is estimated that more than two-thirds of the elderly have multiple medical conditions (Hoffman and Rice 1995). Low-income elderly persons are especially disadvantaged for two reasons. First, rates of chronic health conditions are significantly higher in the low-income population (U.S. DHHS 2000). Second, low-income elderly individuals with health conditions often face choosing between spending resources on food and spending them on medication—a choice that can harm their health whatever they decide. Thus, without food assistance, the nutritional needs of the low-income elderly might go unmet.

¹ Participation rates for households with children (66 percent) are much higher than for households with nonelderly adults (50 percent), but both rates are substantially higher than the participation rate for households with elderly.

This problem is likely to get worse. The number of low-income elderly is expected to rise sharply in the next 10 years as baby boomers begin to turn 60. If participation rates for the elderly remain low, then the number of nonparticipating eligible elderly will only grow.

Recent research has identified five main reasons why elderly individuals do not participate in the FSP (Ponza and McConnell 1996; McConnell and Ponza 1999):

1. ***Perceived Lack of Need.*** Despite their low income, many nonparticipating elderly feel that they do not need food stamps, while others perceive their need as being only temporary. Yet evidence suggests that many of those who say they do not need food stamps are still not food secure. When probed about this inconsistency, some of these elderly nonparticipants indicate that they feel they *should* be able to manage without food stamps and are ashamed that they cannot. Thus, some elderly who claim they do not need food stamps might not be participating for other reasons, such as to avoid the stigma associated with the program.
2. ***Lack of Information.*** Lack of information is a common reason that the elderly do not participate in the FSP. Some eligible elderly are unaware of the existence of the program, while many more know about the program, but have limited knowledge of program specifics, such as where or how to apply for benefits, or whether they are eligible. Surveys have found that about one-third to one-half of nonparticipants identified as FSP-eligible think that they are ineligible. Many believe that their assets are too great or that they are categorically ineligible because they have no children or because they are elderly. Often, these misconceptions about the FSP are based on inaccurate information from family and friends.
3. ***Low Expected Benefits.*** Some poor elderly individuals think that it is not worthwhile to apply for food stamps, given the small amount of benefits they expect receive. Many elderly households are eligible for only \$10 in food stamps (the minimum food stamp allotment for one- and two-person households) because of the size of their retirement benefits (such as Social Security). In fiscal year 2000, 44 percent of those households with elderly that were eligible for food stamps were eligible for only \$10 in benefits per month (USDA 2002). An additional 20 percent of households were eligible for between \$11 and \$50 per month. Moreover, the *expectation* among many nonparticipating seniors is that they will receive a low FSP benefit, regardless of they actually would receive if they applied.
4. ***Application Burden.*** The cost in both time and money of applying for food stamps is often too high for elderly nonparticipants, especially those eligible for small benefit amounts. Bartlett et al. (1992) estimated that the average applicant (elderly or otherwise) takes nearly five hours to complete the food stamp application and spends more than \$10 on transportation and other expenses. In addition to time and money costs, the burden of applying for food stamps can be significant. Due to transportation difficulties and physical

limitations, elderly individuals often find it difficult to get to the local food stamp office. Additionally, elderly people might have trouble completing application forms due to difficulties in recalling information or in reading the small print on the application.

5. **Stigma.** The stigma of applying for and using food stamps might be a barrier to participation. Feelings of embarrassment, a sense of failure, hurt pride, dislike of receiving government assistance, and the perceived loss of independence in using food stamps are reasons elderly people cite for not participating in the FSP. Moreover, some researchers have suggested that recent welfare reform changes that promote work over welfare might have increased the stigma of receiving “welfare.” Conflicting evidence exists on the importance of stigma as a deterrent to FSP participation among the elderly. While more than half (67 percent) of 51 state FSP directors surveyed in a recent study by the Government Accountability Office (GAO) indicated that stigma is a major reason for nonparticipation (GAO 2000), surveys of elderly nonparticipants suggest that few elderly cite stigma as the main reason for not participating.

These five reasons are not mutually exclusive; many elderly cite multiple reasons for nonparticipation, and the reasons often are related. For example, some elderly people do not participate because they do not understand how the program works, but in their desire to avoid the embarrassment and stigma associated with being “on welfare,” they do not seek information about the program. Similarly, many households that do not participate because they believe their benefits would be low, might participate if they thought it would take minimal effort to apply for benefits.

DEMONSTRATION MODELS

In 2001, USDA issued a request for grant proposals from state FSP agencies to operate a pilot project under the Elderly Nutrition Demonstrations. The objective of the demonstration was to test the feasibility and effectiveness of alternative approaches to making the FSP more accessible to eligible elderly individuals. The demonstration grants were awarded on a competitive basis, and the pilot projects were required to adopt one of the three demonstration models developed by USDA: (1) the simplified eligibility model, (2) the application assistance model, and (3) the commodity alternative benefit model. Each model represented one approach to reducing FSP application burden, increasing awareness about program availability and benefits, and/or reducing the stigma associated with participation. With regard to the second objective, each model included an outreach component to raise awareness of the demonstration procedures in particular and of the FSP in general in the elderly community.

Simplified Eligibility

The simplified eligibility model was designed to reduce the burden associated with applying for food stamps by simplifying the process of determining eligibility. Under federal

rules, households that contain at least one person age 60 years or older are eligible for food stamps if everyone in the household receives Supplemental Security Income (SSI), or if their combined incomes and assets meet the following two rules:

1. ***The household's gross monthly income less certain deductions (i.e., its net income) is below 100 percent of the federal poverty guidelines.*** Deductions include a standard deduction of \$134 (in most states) for each household; a deduction for monthly medical expenses above \$35; a deduction for shelter costs in excess of 50 percent of net income after applying the other deductions; as well as deductions for earnings, dependent care expenses, and child support payments.
2. ***The sum of the household's countable assets is below \$3,000.*** Countable assets include cash on hand, checking and savings account balances, stocks and bonds, and most retirement accounts. Also, a portion of the value of some vehicles is counted toward assets, as is the equity value of certain recreational property.

For all households that meet the eligibility criteria, benefits are computed as a function of the number of persons in the household, the household's net income, and the maximum benefit levels.² Households applying for food stamps must provide adequate documentation to verify the information used to assess eligibility and calculate benefits. For example, they must provide documentation to verify earnings, medical expenses, and asset holdings. Households must also participate in an eligibility interview with program staff.

The intent of the simplified eligibility model was to reduce the time and effort required of seniors to apply for food stamps.³ In particular, USDA intended this model to minimize the burden associated with documenting income and expenses. Demonstrations were encouraged to change the way that income and benefits are normally computed during the eligibility process in part to reduce the need for verifying documentation. These changes also were intended to reduce the need for personal and intrusive questions during eligibility interviews.

²The maximum benefit level is tied to the cost of purchasing a nutritionally adequate low-cost diet as measured by USDA's Thrifty Food Plan. The benefit is calculated by subtracting 30 percent of the household's counted net income—the amount that the household is thought to be able to spend on food from its income—from the maximum benefit level for the household size. Currently, the maximum benefit level for a one-person household is \$130. Eligible one- and two-person households are guaranteed a minimum monthly food stamp benefit of \$10, while households of three or more have no minimum benefit.

³ The simplified rules applied only to those food stamp households in which all individuals are age 60 or older.

Application Assistance

The application assistance model sought to reduce the burden of applying for food stamps by giving seniors one-on-one aid in navigating the application process. Under this demonstration model, eligibility rules remained unchanged, but elderly applicants were paired with application assistance workers who helped them assemble documents needed to apply for food stamps, explain the application, and often complete the forms on their behalf. USDA gave the states flexibility to determine where this assistance took place—either in clients’ homes or in more public spaces.

USDA encouraged states designing application assistance demonstrations to develop extensive outreach activities to inform potential clients about the FSP in general and about the application assistance services. States also were encouraged to incorporate features such as prescreening potential applicants for eligibility and benefit amounts, reducing the burden of the eligibility interview, building on existing programs, and using technology to make the application easier to access and complete.

Commodity Alternative Benefit

The commodity alternative model was designed to replace the electronic benefits transfer (EBT) card with a monthly commodities package. Federally run commodity distribution efforts have been used since Depression-era programs in which surplus commodities were redistributed to the needy. While traditional FSP benefits are generally believed to be more effective in providing flexible nutrition assistance to a large population, several current federal commodity distribution programs provide food directly to needy individuals. The commodity alternative benefit model was designed in part to test whether commodity packages would be more appealing to seniors than traditional food stamp benefits.

Under the demonstration guidelines, USDA required the contents of the commodities packages to be designed to meet the needs of the elderly. States were encouraged to develop a variety of packages for different target populations (for example, for diabetics or for specific ethnic groups). States were given flexibility in designing procedures for distributing the packages; commodities could be delivered to participants’ homes, or participants could pick up packages at local distribution centers. USDA established that the cost to the demonstration of each commodity package (including shipping and storage costs) could not exceed the average benefit for which elderly FSP households in the demonstration site were eligible. The cost of the packages was to be the same for all participants, regardless of the benefit amount for which they were eligible.

Only households in which all members were elderly (known as “pure elderly” households) were allowed to participate in the commodity demonstrations. During the application process, these households were informed of what their FSP benefit would be before they chose between traditional benefits and demonstration benefits. Additionally, pure elderly households already participating in the FSP when the demonstration started were given the option to enroll. With some restrictions, households that selected commodities could switch to traditional benefits after the demonstration began.

SIX GRANTEES

In 2001, USDA encouraged states to apply for demonstration grants to implement one of these three models. States had flexibility in designing their demonstrations, as long as they stayed within the basic framework of a specific demonstration model and did not combine components of different models. Six states were selected to implement a demonstration. One state, Florida, implemented a simplified eligibility demonstration; three states, Arizona, Maine, and Michigan, implemented application assistance demonstrations; and two states, Connecticut and North Carolina, implemented commodity alternative benefit demonstrations.⁴ In each state, the demonstrations were implemented in a limited geographic area—typically one or two counties, or in the case of Connecticut, ten towns in the Hartford region.

The demonstrations were funded for two years. Because implementation time varied by demonstration, so did the start dates (Table I.1). Four demonstrations that still had funds after two years were extended by up to 11 months.

Table I.1: Months of Operation for the Elderly Nutrition Demonstrations

Demonstration State	Start Date	End Date
Simplified Eligibility Model Florida	February, 2002	December, 2003
Application Assistance Model Arizona	September, 2002	April, 2005 ^a
Maine	February, 2002	February, 2004 ^a
Michigan	November, 2002	January, 2005 ^a
Commodity Alternative Benefit Model Connecticut	November, 2002	October, 2004
North Carolina	November, 2002	September, 2005 ^a

^aDemonstration period extended beyond two years.

EVALUATION OBJECTIVES AND APPROACH

The overall objective of the evaluation was to measure the effectiveness of each demonstration model and to identify the most cost-effective strategies for increasing FSP participation among eligible elderly households. Toward this end, the evaluation had four supporting objectives:

⁴Chapter II describes the operational details of each of the six demonstrations. Additional details can be found in Nogales et al. (2005).

1. ***Estimate the impact of the demonstrations on participation.*** A key function of the evaluation was to measure the extent to which each individual demonstration—as well as the ability of each demonstration model—to increase participation among eligible elderly. A related objective was to examine whether specific subgroups of seniors, such as those eligible for low benefits, participated at higher rates than other seniors.
2. ***Examine clients' levels of satisfaction with the demonstrations.*** Determining client satisfaction with the demonstrations can build a better understanding of why the demonstrations were or were not effective. Client impressions can also help to explain why seniors do not participate in the FSP and whether these demonstrations addressed their concerns.
3. ***Estimate demonstration costs.*** Given that the three demonstration models varied significantly in approach, the costs of the demonstrations differed substantially. Therefore, a third objective of the evaluation was to measure the total demonstration costs from design to ongoing management. A key measure for each demonstration was dollar costs per new elderly participant.
4. ***Understand the process of designing and managing the demonstrations.*** An analysis of demonstration implementation and management would help to identify the most formidable challenges and the most effective strategies associated with these two activities.

A pre-post comparison group design was used to estimate the impact of the demonstrations on elderly FSP participation. We examined how changes in participation patterns in the demonstration sites compared with changes observed in similar, nondemonstration jurisdictions in the same state. Focus groups and surveys with demonstration participants (and some nonparticipants) were used to gauge client satisfaction. To examine costs, we interviewed demonstration staff and reviewed each demonstration's financial reports. The process analysis was based on direct observations of demonstration procedures, interviews with demonstration staff and community organizations that serve the elderly, and reviews of demonstration site progress reports.

GENERALIZING FROM THE EVALUATION FINDINGS

Ideally, the evaluations findings would provide credible, robust evidence on whether and the extent to which each demonstration model can increase elderly FSP participation rates. This information could then be used to answer a broader set of policy questions concerning the best way to increase participation among the elderly in the future. However, the degree to which we can conclude that any of the demonstration models was effective—and should therefore be explored as a future policy solution—depends in part on whether it is reasonable to expect similar impacts if the demonstration policies were implemented in a different setting.

We could be highly confident about expecting similar impacts if the original estimates were based on a large number of demonstrations that used the same model. Otherwise, it is

possible that the impacts are an artifact of site-specific conditions as opposed to a direct effect of the demonstrations. However, because the costs associated with implementing such a large-scale effort are prohibitive, we examined the impacts of a small number of demonstrations that used each model (one to three demonstrations per model). But we also examined these estimates in light of the context in which each demonstration operated to account for whether site-specific factors may have influenced some or all of the impacts. While this approach does not allow us to conclude with certainty that a given model's impacts can be replicated in a different setting, it deepens our insight into which site-specific factors can affect a demonstration's ability to increase elderly FSP participation. So while caution should therefore be used in generalizing from the impact estimates presented in this report, the information on the local issues that influenced these estimates can be used along with the estimates to make informed decisions about the direction of food stamp policy with respect to elderly participation.

OUTLINE OF THE REPORT

The remainder of this report addresses each evaluation objective. Chapter II describes the operations and community context of each of the demonstration sites. This chapter also presents the results from the process analysis, including the issues challenges faced and effective strategies used by each demonstration site. These details are central to understanding the impacts on participation, satisfaction, and costs. Additional site-by-site details on the demonstration experience are provided in a separate volume (Nogales et al., 2005). Chapter III discusses the impact of the demonstrations on elderly participation and examines the degree to which certain elderly subgroups were more likely than others to participate in the demonstration. Chapter IV presents results of focus groups and surveys aimed at gauging client satisfaction. Chapter V provides cost estimates for each demonstration, and Chapter VI presents conclusions and discusses their implications for future FSP policy.